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People in DH&S

Chester A.

Hobert, Jr.

When Chet Hobert was a freshman in high school he tried out for the junior varsity basketball team. "I had trouble making the squad and, as a second team member, had little opportunity to play," Chet recalled recently. "So I worked extremely hard to improve my skills." In his sophomore year Chet became a starter on the varsity team.

A determination to excel has been a hallmark of Chet's career with Deloitte Haskins & Sells. After serving in the Philadelphia office for fifteen years, during which time he was admitted to the firm as a partner, Chet became partner in charge of the Allentown office. He held that position for five years before he transferred to Executive Office to head the SEC Department.

"I have always had a strong interest in Securities and Exchange Commission work," Chet commented. "During the years I was in Philadelphia and Allentown I particularly enjoyed working with clients in connection with public offerings."

Chet's experiences in his earlier years have prepared him well for the responsibilities of running the SEC Department. He was born in Winchester, a quiet community in northern Virginia, and lived there for twelve years until his father, Chester, a traveling salesman for a hardware wholesaler, bought a department store in Berryville, which is ten miles away.

"My father, who is seventy-six years old, still works fifty hours a week in the store and continues to be extremely active in community affairs," Chet said, adding that Chet Sr. has been a major influence on his life. "I'm not sure that I can point to any single thing that he did which influenced me. I guess it was the example he set by his hard work and his unselfish dedication to numerous church and civic activities. I've always been very proud of him."

Chet first became interested in accounting while he was in high school. "One of my teachers said that because I was good in mathematics I would probably make a good accountant," he remembered. While attending high school in Berryville, Chet was a member of the football and basketball teams. He worked in his father's store after school and on Saturdays.

After graduating from high school, Chet enrolled at the University of Notre Dame. He had applied to Notre Dame because of the university's high academic standards. "Besides," he says with a grin, "I was an avid Notre Dame football fan."

Chet took a number of accounting courses and developed a great interest in the field. He helped pay part of his tuition by working at two jobs during the summers and by becoming a student manager on the university's intercollegiate athletic teams.

"During my last year I was senior equipment manager of the football team," Chet said. "That position helped me to begin planning my day and organizing my time better, because I had to work between twenty-five and thirty-five hours a week and oversee the activities of several other student managers. It gave me an opportunity to

develop administrative skills and work with others in a supervisory capacity."

During the Christmas holidays in his senior year, Chet married the former Nancy Curran, a registered nurse. "She helped put me through my last semester and has always been very supportive," Chet said. He and Nancy now live in Darien, Connecticut with their younger daughter, Betsy, 15, who will be a sophomore at Darien High School in September. The couple's son, Mark, 20, attends Bethany College in West Virginia, majoring in communications. Maryann, 19, is enrolled in the business administration program at St. Mary's College, which is located across the highway from Chet's alma mater, Notre Dame.

"I talked to four Big Eight firms about a public accounting career and eventually narrowed my choice down to two firms, one of which was DH&S," Chet recalled. "Although I was very impressed with both firms, I chose DH&S because it was more people oriented. I was also impressed with the professionals I met in the Philadelphia office and with Larry Walsh, who interviewed me on campus."

"I wanted to join a firm that had a real interest in its people," Chet emphasized. "While interviewing at the Philadelphia office, I had a favorable impression that DH&S was interested in both my professional and my personal development." Graduating from Notre Dame magna cum laude with a bachelor of science degree in accounting, Chet joined DH&S in Philadelphia as a member of the audit group.

As Chet began to take on more responsibilities, he became heavily involved in the office's recruitment efforts and staff training programs. "I enjoyed recruiting very much because it

Chet Hobert (l.) and New York partner Ed Lill, national director for the firm's brokerage industry services, stroll through the mall enclosed by the towers of Manhattan's World Trade Center, which recently became the home of the DH&S New York practice office.

gave me a chance to meet with young people and discuss their career goals," he said. "Staff training was a fulfilling position. It offered an opportunity to help in the professional development of our people."

An important assignment in Chet's career was Mack Trucks, a subsidiary of our major client, The Signal Companies. "As engagement partner, I spent a considerable amount of time in Allentown, where Mack Trucks is based," he said.

In the autumn of 1974 Chet became partner in charge of the Allentown office. During his five years in that post, Chet headed an extensive and successful program to strengthen the office and expand its practice. The office's clients included, in addition to Mack Trucks, the Alpo Division of the Liggett Group; First National Bank of Allentown, the city's largest bank; Lehigh University in Bethlehem; Lafayette College in Easton, and Allentown College of St. Francis de Sales in Center Valley.

While in Philadelphia and Allentown, Chet was active in the local chapters of the Pennsylvania Institute of CPAs and served on several committees, including the Executive Committee of each local chapter. During his last year as PIC of the Allentown office, he was chairman of the local chapter's Committee on Relations with Bankers and Credit Executives. "The year I was chairman we sponsored a program for bankers in the area to inform them about the various services accountants could perform for banks and their customers. We discussed the different forms of accountants' reports as well as other work CPAs offered, such as tax services, management advisory services, business reviews and merger and acquisition services."

Chet was also active in civic organizations, including the United Way of Allentown. "By participating in those groups, I felt that I was returning something to the community. I found community involvement to be very satisfying," he commented.

His five years as Allentown PIC also helped prepare him to take on the re-

sponsibilities of the SEC Department, Chet said. "By overseeing a practice office, I was given an opportunity to sharpen my leadership and administrative abilities, which are necessary assets for running an Executive Office department which supports all of our practice offices," he explained.

One of the functions of the SEC Department is to keep DH&S professionals up to date on SEC rules and regulations governing financial disclosure. "Our goal is to provide our people on a current basis with a synopsis of developments in the SEC area that are important to them and their clients," Chet explained. "Whenever the SEC issues a release covering a new rule or a proposal for a change that we believe will have a significant effect on our SEC practice, we summarize the release as quickly as possible and send that information to our professionals. We also provide all of our practice offices with complete copies of significant SEC releases."

Another primary function of the SEC Department is the administration of the firm's policies regarding the independence of DH&S professionals in their relationships with clients. Independence itself has become a subject much discussed between the accounting profession and the SEC in recent years.

Chet Hobert (l.) chats with Ralph Bartlett, partner in charge of practice office support in Executive Office.

"A topic of considerable interest recently has been the scope of services performed by accountants which the Commission addressed in Accounting Series Release No. 264," Chet said. "In that release, the SEC cautioned companies against having their CPA firms perform management advisory services that might impair, in fact or in appearance, auditor independence." The SEC has been concerned about that issue for some time, and ASR No. 264 brought the matter to the fore.

"The firm does not share the Commission's view that the accounting profession and its clients are not adequately sensitized to the potential effects on independence of the performance of nonaudit services for audit clients," Chet emphasized. "To the extent that independence is an issue with respect to nonaudit services, we believe that the profession has adequately addressed the matter. As to our own practice, we have reviewed the firm's MAS policies and procedures with members of the Commission's staff and are satisfied that the scope and conduct of our practice is entirely consistent with the expectations of the

SEC. Unfortunately, management of some companies may overreact to ASR No. 264 and choose to forego the economic and other benefits associated with engaging their auditors and, instead, engage others to perform non-audit services that are appropriate for their own auditors to perform."

Chet's people devote a major portion of their time to working with the firm's practice offices in connection with public offerings of securities and transfers of interest. "We are fortunate to have in the department a group of highly qualified, extremely hard working individuals who are deeply committed to assisting practice offices in serving their clients," Chet commented.

"We spend a considerable amount of time responding to inquiries made by practice office engagement personnel on SEC rules, regulations and practices," Chet continued. "On occasion, we confer directly with an individual on the Commission's staff about the SEC's current view on a topic or on a specific requirement." Normally, the SEC Department deals with the Commission's Office of the Chief Accountant or the Division of Corporation Finance. The Chief Accountant's Office is primarily concerned with the broader issues of accounting and auditing, as well as independence, while the Division of Corporation Finance oversees financial and nonfinancial disclosures made in documents filed with the Commission.

"There are times when representatives of the department accompany our practice office people and the client's officials to Washington for a meeting with the SEC to discuss matters involving a prospective SEC filing," Chet added.

"The SEC, the business community and the accounting profession have worked together reasonably well over the years," Chet said. "In those areas where the Commission has been less than satisfied with the progress that has been made in a particular area, it has generally done some prodding to get the private sector to make changes.

"A recent example is the Commission's rule proposals made in spring 1979 that

would have required management of a public company to report on the adequacy of internal accounting controls in the annual report to shareholders and the SEC," Chet pointed out. "The rule proposals also would have required an independent accountant's report on management's statement. The SEC's rule proposals drew very strong opposition from registrants and the accounting profession and, in June of this year, the Commission withdrew them."

Chet continued: "This action was consistent with our recommendation in response to the rule proposals that the Commission encourage but not require the proposed reports by management. The decision to withdraw the rule proposals was based, in part, on the substantial voluntary initiative of companies in reporting on their internal accounting controls in annual reports to

shareholders. In withdrawing its proposals, the Commission encouraged further initiatives and experimentation with various approaches to management statements on internal accounting control, including auditor reporting on such statements. The Commission also indicated that it will monitor the private-sector initiatives in this area and will consider regulatory action if it believes that progress being made is not satisfactory.

"This cooperative spirit between the profession and the SEC is very encouraging and I hope it continues," Chet concluded. □

Chet Hobert (r.) consults with Hal Robinson, partner in charge of the accounting and auditing services group in Executive Office.